

RONALD K. STOUT  
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m/053/073

August 29, 2002

State of Utah  
Dept. of Natural Resources  
Division of Oil, Gas and Mining  
Attn: D. Wayne Hedberg  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84114

Dear Mr. Hedberg:

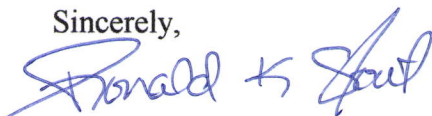
This letter is in response to a letter I received from you dated 8/21/02. I am enclosing all information that I have that was given to the City of St. George at the time I received an excavation permit from them. I do not think they include any mining and reclamation information because I don't believe the City was concerned about reclamation given that the area is in an industrial park. I did not have to provide the City with bond information. The issue of reclamation never came up because the excavation permit was obtained for the purposes of developing the property and taking the overall elevation down to a level where development would be more feasible.

One of the enclosures is a grading plan. Please take note of the hi-lited names of other property owners that make up the area that your inspection walked over. He reports 9.59 acres of disturbed ground, but if you remove property owned by other parties which is not being disturbed by me, which is ground that has been disturbed for many years, and remove the amount of area where the alluvial material exists, this would bring the total acreage under 5 acres.

Please be advised that we have disconnected and disassembled our material sorting plant and are in the process of removing the alluvial material only. In our meeting on July 23<sup>rd</sup>, I was advised that that material was owned by us and could be removed without any oversight or supervision from any entities. We intend to re evaluate the property after the alluvial material has been removed to determine whether or not it has become too complicated to remove any more material. We have been in contact with SITLA and believe that we will resolve any issues with them soon.

I have begun photographing other sites that are in the same operation and situation that I am as I reported to you in our meeting on the 23<sup>rd</sup>. As I accumulate this information I would be willing to pass this on to you so that you can see that there are many other developments in this area, as I am sure there are in the Salt Lake area, that are developing large tracts of land and selling any excess material they have.

Sincerely,



Ronald K. Stout

RECEIVED

SEP 03 2002

DIVISION OF  
OIL, GAS AND MINING